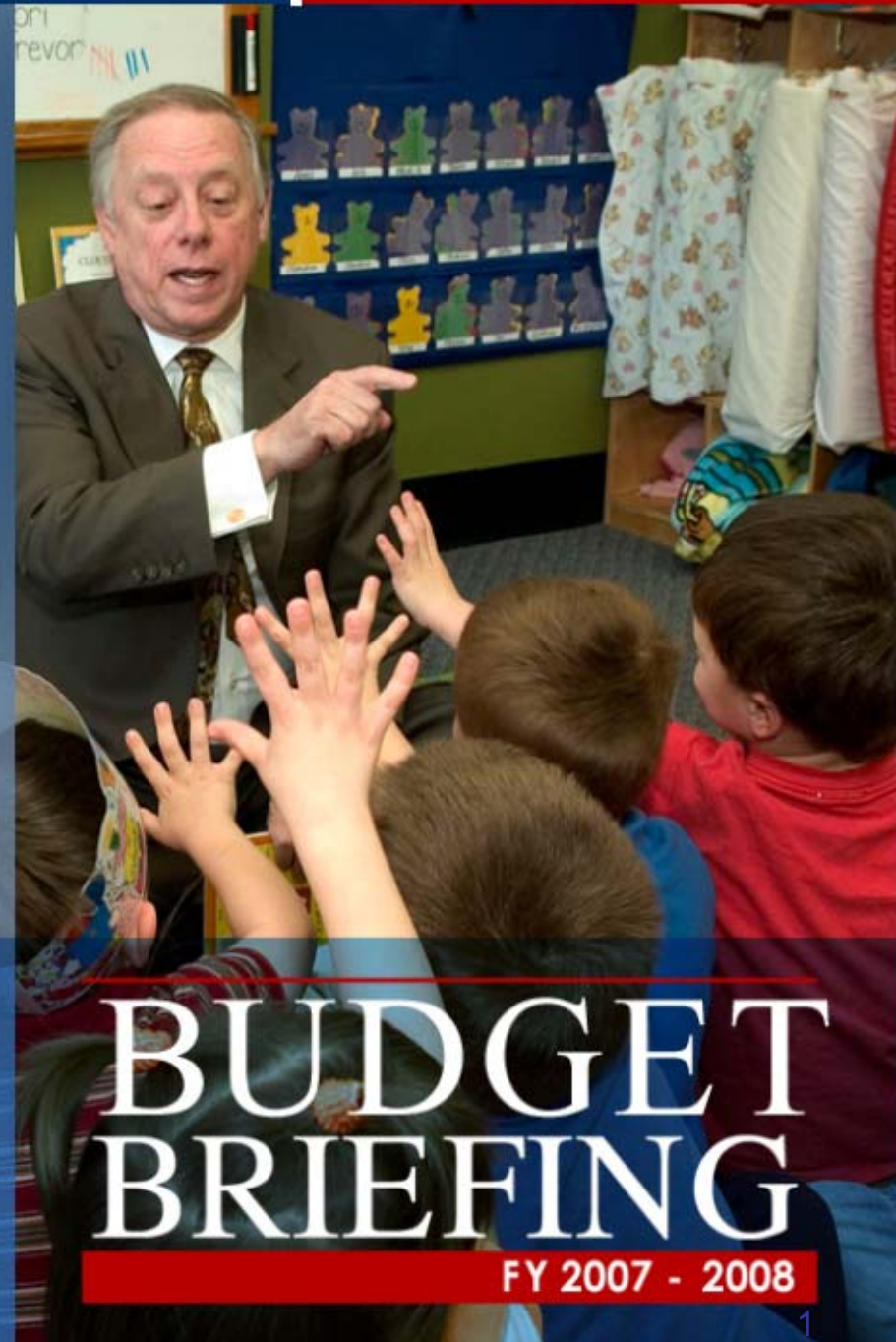


“We’re ready to take the next steps to seize the future for ourselves, for our children and for our children’s children. I believe that we start with education.”

February 5, 2007, Governor Bredesen’s
2007 State of the State Address

A Presentation by:
Commissioner Dave Goetz
Finance and Administration
February 19, 2007



BUDGET BRIEFING







FY 2007 - 2008

Budget Principles

- Maintain education as the state's top priority
- Continue key investments in the fundamentals: Education, Health Care, Economic Development, Conservation, and Safe Communities
- Submit a balanced, fiscally conservative budget
- New revenues for new education initiatives

Budget Fundamentals

*"Tennessee is ready— ready to lift its sights, ready to look farther,
ready to seize the future."*

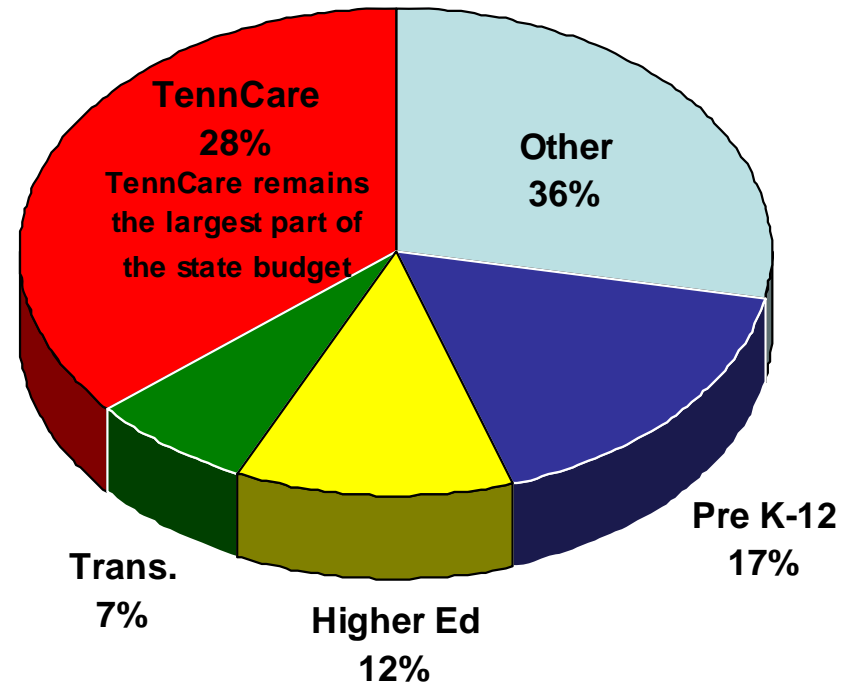
-  5 common sense balanced budgets
-  Controlled TennCare costs
(FY06 and FY07 = 24% of Department of Revenue collections)
-  Conservative budget growth
(FY08 - 6.8% growth state funds; 3.5 % total budget)
-  3 years of moderate economic growth
-  Record savings in Rainy Day Fund
(\$496.9 Million in FY07; \$533.5 in FY08)
-  Improved bond rating (AA+)

Budget Overview

Total FY 07-08 Budget (including federal dollars)

SOURCE	RECOMMENDED FY07-08
TennCare	\$ 7.58 B
Pre K-12	\$ 4.65 B
Higher Ed	\$ 3.24 B
Transportation	\$ 1.82 B
Other	\$ 10.19 B

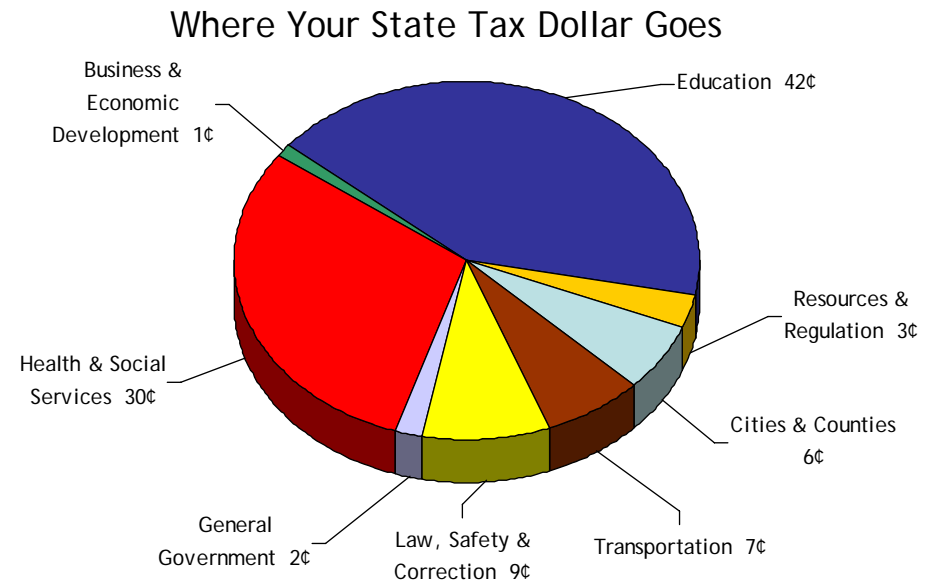
TOTAL \$27.48 BILLION



Budget Overview

FY 07-08 Taxpayers' Budget (state dollars only)

SOURCE	RECOMMENDED FY07-08
Education	\$ 5.32 B
Health and Social Services	\$ 3.74 B
Law, Safety Correction	\$ 1.12 B
State Shared Taxes	\$ 815.0 M
Transportation	\$ 741.6 M
General Government	\$ 514.6 M
Resources and Regulation	\$ 379.1 M
Business and Economic Dev.	\$ 169.4 M
Other	\$ 510.3 M



TOTAL \$13.31 BILLION

Budget Breakdown

Revenue (federal and state dollars)

SOURCE (millions)	ESTIMATED FY06-07	RECOMMENDED FY07-08	CHANGE
State Appropriations	\$12,459	\$13,311	6.8%
Federal Revenue	\$9,387	\$9,483	1.0%
Other Departmental	\$3,250	\$3,245	—
Tuition and Fees	\$934	\$977	5%
Bonds	\$506	\$461	(9%)
TOTAL	\$26,536	\$27,477	3.5%

Budget Breakdown

Breakdown by fund (federal and state dollars)

FUND (millions)	ESTIMATED FY06-07	RECOMMENDED FY07-08	CHANGE
General Fund	\$22,997	\$23,804	3.5%
Transportation	\$1,746	\$1,817	4.1%
Debt Service	\$318	\$344	8.2%
Capital Outlay	\$497	\$505	1.7%
Facilities Revolving	\$192	\$192	—
Cities & Counties (SST)	\$786	\$815	3.6%
TOTAL	\$26,536	\$27,477	3.5%

Federal Funding Challenges

Flat Federal Funding Growth

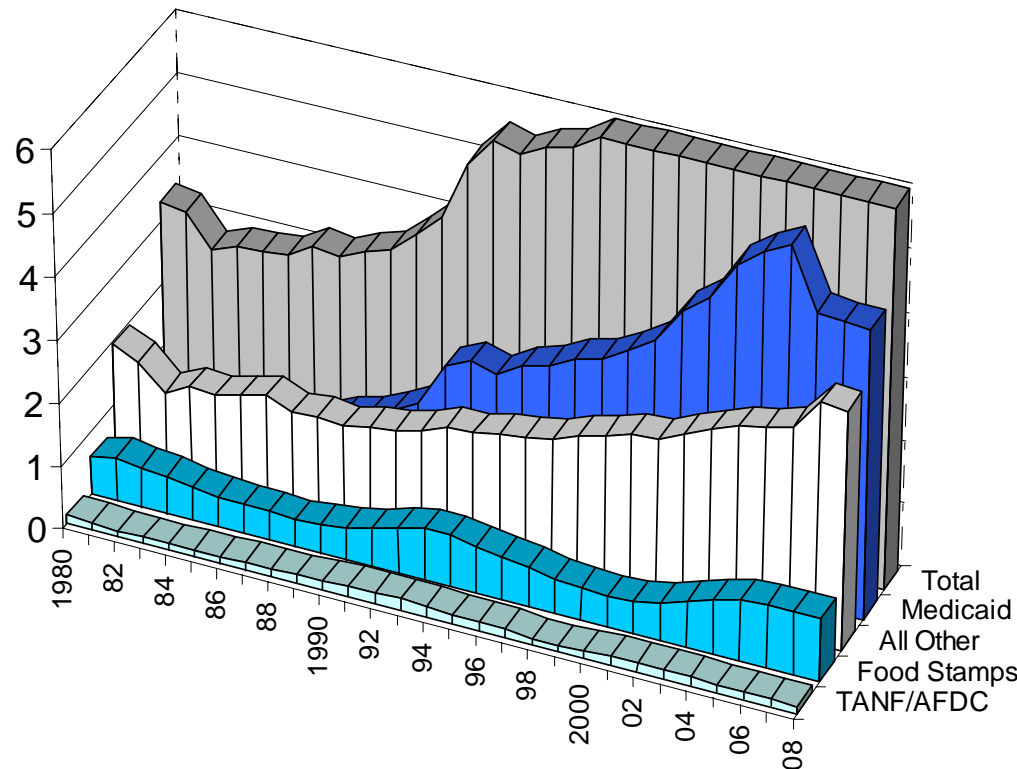
- FY08 1%
- FY07 -5.5%
- FY06 2.6%
- FY05 11.4%
- FY04 12.5%

FY08 Federal Funding Issues

- CMS Rule Change
- Transportation Budget
- Families First Waiver
- Other proposed federal budget reductions

Federal Aid Trend in State Programs

FY 1980 through FY 2008
in Billions of Constant (2007-2008) Dollars



Budget Breakdown

Appropriations (state dollars only)

GENERAL FUND		ESTIMATED FY06-07	RECOMMENDED FY07-08	CHANGE
APPROPRIATIONS (millions)				
{	General Government	\$399	\$515	29.1%*
	Education	\$4,912	\$5,319	8.3%
	Health and Social Services	\$3,664	\$3,741	2.1%
	Law, Safety & Correction	\$1,068	\$1,119	4.8%
	Resources & Regulation	\$376	\$379	0.8%
	Business & Economic Dev.	\$157	\$169	7.6%
	Transportation	\$695	\$742	6.8%
	Debt Service	\$318	\$345	8.5%
	Capital Outlay	\$74	\$59	(20.2%)
	K-12 Construction Reserve	\$0	\$100	NA
	Facilities Revolving	\$9	\$8	(11.1%)
	Cities & Counties (SST)	\$787	\$815	3.6%
TOTAL		\$12,459	\$13,311	6.8%

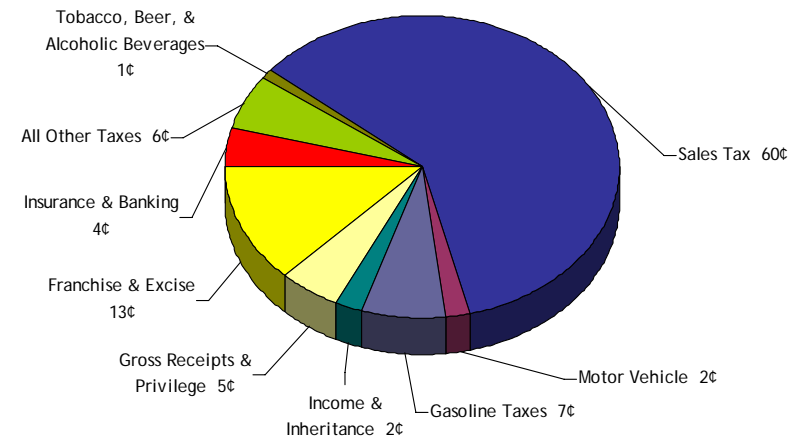
Budget Breakdown

State tax collections

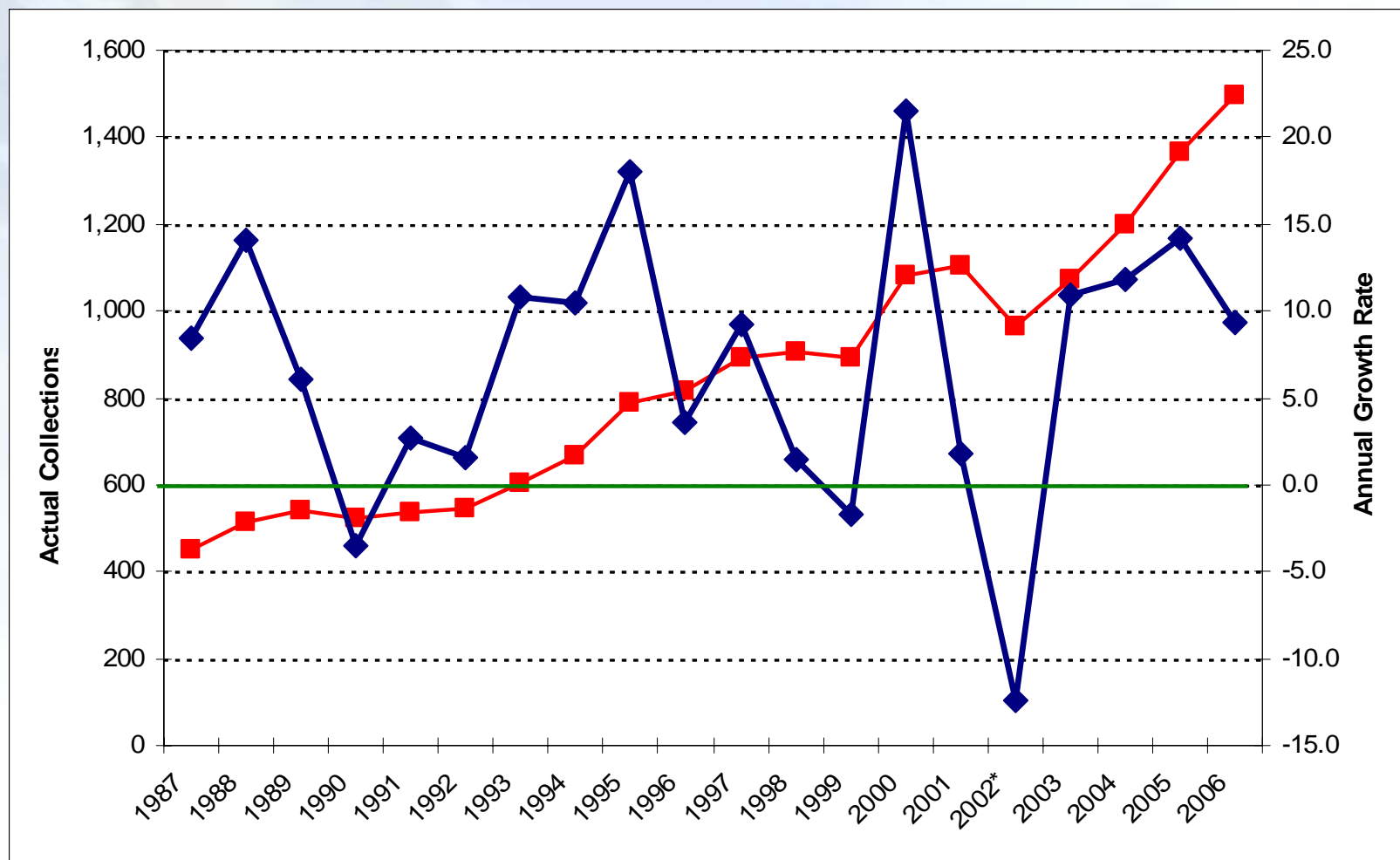
Dept. of Revenue collections

SOURCE (millions)	ESTIMATED FY06-07	ESTIMATED FY07-08	CHANGE
Sales	\$6,797	\$7,145	5.12%
Franchise & Excise	\$1,531	\$1,536	.33%
Gas	\$ 847	\$ 857	1.18%
Privilege	\$ 308	\$ 330	7.14%
Motor Vehicle Reg.	\$ 255	\$ 260	1.96%
Gross Receipts	\$250	\$ 261	4.4%
Other	\$ 668	\$ 698	4.49%
SUBTOTAL	\$10,656	\$11,087	4.04%
Other State Rev.	\$ 883	\$ 914	3.5%
TOTAL	\$ 11,539	\$ 12,001	4.00%

Where Your State Tax Dollar Comes From



F&E Taxes



FY08 Improvements

HIGHLIGHTS OF MAJOR IMPROVEMENT INITIATIVES

Education Total **\$548.4 M**

(School House Trust, Pre K-12, Higher Ed – Total Includes Fully Funded BEP, Teacher Salary Increase, Pre K Expansion, 100% At Risk Funding, 100 % Growth Funding, Free Community College Initiative, Increased HOPE Scholarships, ACT Testing 8th & 10th Grades)

Employee Pay Raises **\$ 85.7 M**

(Includes 1% increase and 2% bonus for state employees, teachers & higher ed)

Conservation **\$ 92.0 M**

(\$10 million Heritage Conservation Trust Fund and \$82 million Capital Projects)

Alternative Fuels Initiative **\$ 72.6 M**

(\$61 million for a comprehensive alternative fuels strategy combined with \$11.6 million in existing funding for an ongoing related project at ORNL)

Next Steps Jobs Package **\$ 45.1 M**

(Business Development, FastTrack Infrastructure and Community Development)

Budget Breakdown

State Dollars

**BUDGET
BRIEFING**
FY 2007 - 2008

*"State government, like a family or business,
must live within its available resources."*

GENERAL GOVERNMENT TOTAL

\$514.6 M

Finance and Administration

\$ 53.6 M

Dept. of Revenue (Includes Title & Registration)

\$ 84.7 M

Comptroller

\$ 83.1 M

Legislature

\$ 37.2 M

Other

\$ 256.0 M

FY 08 IMPROVEMENTS

\$ 167.9 M *

(continued on next slide)

Budget Breakdown

State Dollars

**BUDGET
BRIEFING**
FY 2007 - 2008

*"State government, like a family or business,
must live within its available resources."*

GENERAL GOVERNMENT (cont.)

FY 08 IMPROVEMENTS – PAY AND BENEFITS

- ✓ Employee Pay Raises \$ 85.7 M
Equivalent to 3% pay raise for state employees
Salary Increases: 1% State Employee and 1% Higher Ed *
Bonus for State Employees and Higher Ed: 2%
- ✓ Group Health Insurance Increase \$ 32 M
- ✓ Presidential Primaries (Reimbursement to Counties) \$ 4.0 M
- ✓ Criminal Injuries Compensation Fund \$ 3.9 M
- ✓ Retirees and Retired Teachers Health Insurance \$ 2.5 M

* Pre K-12 Teacher salary increase is included in Department of Education budget.

Budget Breakdown

State Dollars

**BUDGET
BRIEFING**
FY 2007 - 2008

"I want these next four years to be the time when we set Tennessee on the path of truly putting our children and their education at the head of the list."

EDUCATION TOTAL	\$5.319 B
------------------------	------------------

Pre K-12 Education	\$ 3.737 B
--------------------	------------

Higher Education	\$ 1.582 B
------------------	------------

FY 08 IMPROVEMENTS	\$448.4 M
---------------------------	------------------

Pre K-12 Improvement	\$351.4 M
----------------------	-----------

Higher Education Improvement	\$ 97.0 M
------------------------------	-----------

Largest Tennessee Pre K - 12 Education Investments:

- 1) Lamar Alexander (FY 85 Better Schools Program)
- 2) Phil Bredesen (FY 08 Education Initiative)
- 3) Ned McWherter (FY 93 Basic Education Program)

Budget Breakdown

State Dollars

"I want these next four years to be the time when we set Tennessee on the path of truly putting our children and their education at the head of the list."

EDUCATION (cont.)

FY 08 IMPROVEMENTS	\$448.4 M
✓ Fully Fund BEP	\$ 83.0 M
✓ Teacher Salary Increase (1% increase, 2% bonus)	\$ 66.9 M
✓ Pre-K Expansion – General Fund Adds up to 250 new classrooms	\$ 25.0 M
✓ BEP Increase for 100% At Risk	\$119.3 M
✓ BEP Enrollment Growth (Current Year Census)	\$ 27.2 M

Budget Breakdown

State Dollars

"I want these next four years to be the time when we set Tennessee on the path of truly putting our children and their education at the head of the list."

EDUCATION (cont.)

FY 08 IMPROVEMENTS

✓ Higher Ed Operating Increase (Tuition 5-6%)	\$ 48.3 M
✓ Community College Tuition - Free Scholarships	\$ 10.0 M
✓ Higher Ed – HOPE Scholarships @ \$4,000 (5% increase)	\$ 9.3 M
✓ Higher Ed – Need-Based Financial Aid	\$ 3.8 M
✓ ACT Testing 8 th and 10 th grades	\$ 1.2 M

Capital Outlay Budget

<u>CAPITAL OUTLAY</u>	<u>\$ 505.0 M</u>
------------------------------	--------------------------

Bonds	\$ 317.0 M
Cash	\$ 59.3 M
Lottery Reserve	\$ 100.0 M
Other	\$ 28.7 M

<u>PROJECTS:</u>	<u>\$ 505.0 M</u>
-------------------------	--------------------------

K-12 School Construction Reserve	\$ 100.0 M
Higher Education	\$ 190.2 M
North Cumberland Plateau Land Preservation	\$ 82.0 M
Other Projects	\$ 132.8 M

Capital Outlay – Higher Ed

HIGHER EDUCATION CAPITAL OUTLAY

(Funds first four projects on THEC recommended list)

Nashville State	\$ 13.4 M
MTSU Learning Resource Center	\$ 31.7 M
Walter State Student Services	\$ 8.2 M
UT Knoxville Cherokee Campus	\$ 32.0 M
UT Biofuels Center	\$ 40.7 M
UT-ORNL Biological Sciences Equipment	\$ 3.0 M
U of M Nursing and Audiology Building Plan	\$ 850 K
U of M Land Bank	\$ 7.0 M
Higher Ed Maintenance	\$ 53.4 M

Budget Breakdown

State Dollars

"I will continue to fight for TennCare, and I will continue to fight for the hundreds of thousands of Tennesseans who never had health insurance in the first place."

HEALTH AND SOCIAL SERVICES TOTAL	\$3.741 B
---	------------------

TennCare	\$ 2.688 B
Children's Services	\$ 331.1 M
Health	\$ 200.8 M
Human Services	\$ 182.4 M
Mental Health	\$ 155.9 M
Cover Tennessee Health Care	\$ 95.2 M
Mental Retardation	\$ 75.0 M
Other	\$ 12.6 M

(continued on next slide)

Budget Breakdown

State Dollars

"I will continue to fight for TennCare, and I will continue to fight for the hundreds of thousands of Tennesseans who never had health insurance in the first place."

HEALTH AND SOCIAL SERVICES (cont.)

FY 08 IMPROVEMENTS	\$135.8 M
✓ TennCare	\$ 56.3 M
✓ Health	\$ 29.8 M
✓ Human Services	\$ 14.6 M
✓ CoverKids (S-CHIP)	\$ 14.2 M

Budget Breakdown

State Dollars

"I believe our quality of life absolutely depends on our ability to recruit businesses that can grow and expand, and on the ability of hard-working Tennesseans to find jobs that will help them earn a good living."

TRANSPORTATION, BUSINESS & ECD TOTAL \$ 911 M

Transportation	\$ 741.6 M
ECD	\$ 78.5 M
Agriculture	\$ 77.0 M
Tourism	\$ 13.6 M
Housing	\$ 0.3 M

FY 08 IMPROVEMENTS \$ 65.7 M

✓ ECD Training and Infrastructure	\$ 46.5 M
✓ Farm Improvement Program @ \$11M	\$ 6.00 M
✓ Tourism Advertising Campaign	\$ 4.75 M
✓ Agriculture Conservation (Real Estate Transfer Tax)	\$ 2.25 M

Budget Breakdown

State Dollars

**BUDGET
BRIEFING**
FY 2007 - 2008

"As Governor, one of the most important - if not the most important - duties I have is keeping our state and her people safe from harm."

LAW, SAFETY AND CORRECTION TOTAL **\$ 1.118 B**

Correction	\$ 633.3 M
Safety	\$ 132.9 M
TBI	\$ 35.7 M
Military	\$ 13.0 M
Other	\$ 303.1 M

FY 08 IMPROVEMENTS **\$ 68.9 M**

- ✓ REAL ID Reserve – Federal Act on Drivers Licenses \$ 26.5 M
- ✓ Prison Expansion – Morgan County \$ 9.8 M
- ✓ Jessica's Law – Child Rape 1st Offense – 25-yr. min. \$ 7.7 M

Budget Breakdown

State Dollars

**BUDGET
BRIEFING**
FY 2007 - 2008

"I believe that the most important work of every adult is to make things a little better for the next generation."

RESOURCE AND REGULATION TOTAL	\$379.1 M
--------------------------------------	------------------

Environment and Conservation	\$ 189.4 M
Commerce and Insurance	\$ 80.0 M
Labor and Workforce Development	\$ 41.7 M
Financial Institutions	\$ 7.8 M
Other	\$ 60.2 M

FY 08 IMPROVEMENTS	\$ 31.7 M
---------------------------	------------------

✓ Heritage Conservation Trust Fund	\$ 10.1 M
✓ Restoration of Real Estate Transfer Tax (Fully restored)	\$ 9.8 M
✓ Storm Water Permitting	\$ 2.3 M

Revenue Fluctuation Reserve In Millions – Rainy Day Fund



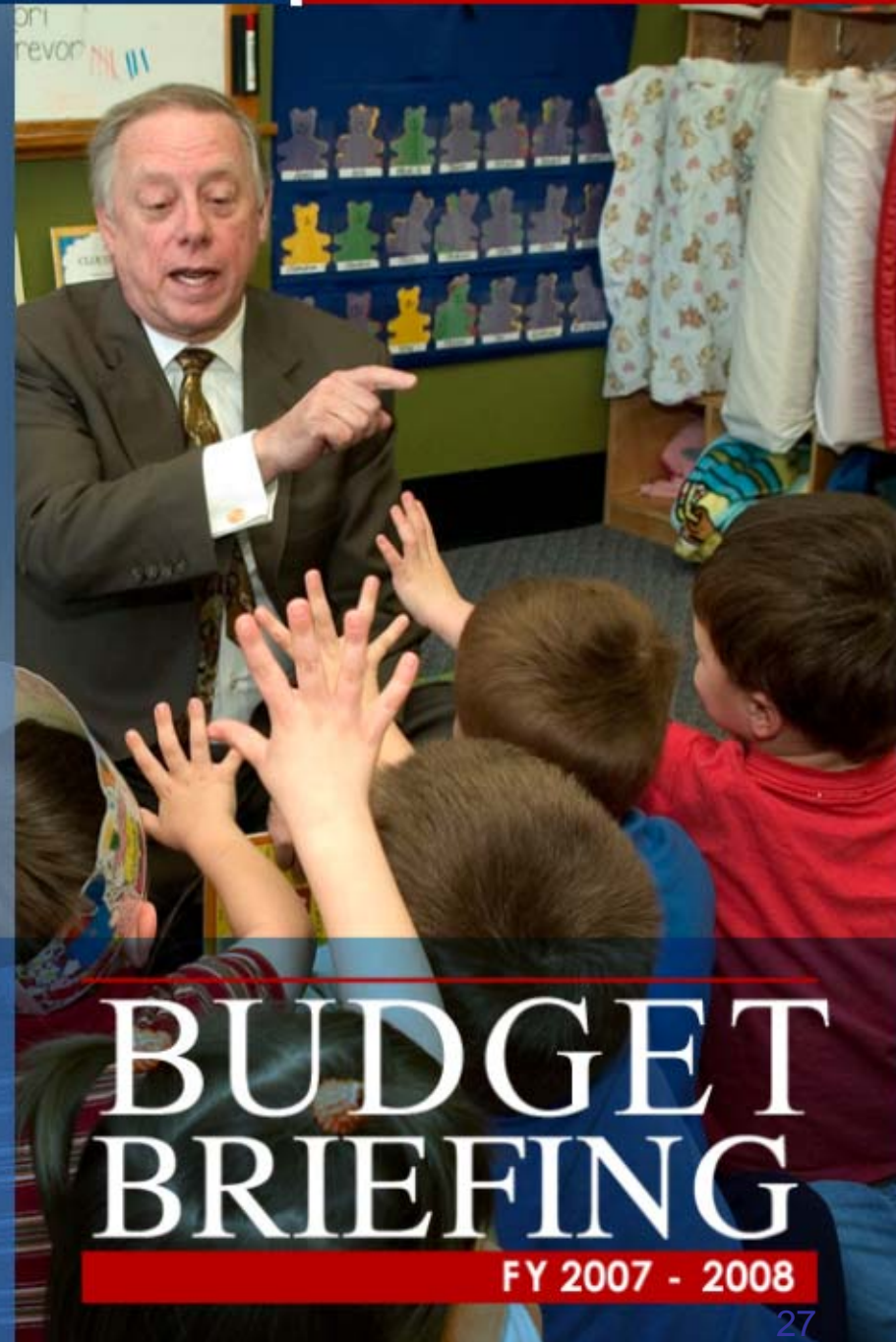
Budget Summary

- Maintain education as the state's top priority
- Continue key investments in the fundamentals:
Education, Health Care, Economic
Development, Conservation, and Safe
Communities
- Submit a balanced, fiscally conservative budget
- New revenues for new education initiatives

“We’re ready to take the next steps to seize the future for ourselves, for our children and for our children’s children. I believe that we start with education.”

February 5, 2007, Governor Bredesen’s
2007 State of the State Address

A Presentation by:
Commissioner Dave Goetz
Finance and Administration
February 19, 2007



BUDGET BRIEFING

FY 2007 - 2008

Appendix

<u>Available Revenues 2007-08</u>	<u>Recurring</u>	<u>Non Recurring</u>	<u>Dedicated</u>
Dept. of Revenue Growth @ 4.47%	\$ 401,000,000		
Add: Other State Revenue Growth	11,400,000	12,000,000	
Add: Cigarette Tax 40 cent increase	219,600,000		
Less: Tobacco MSA @ \$135.6M	(17,400,000)		
Add: Tobacco MSA Strategic Contribution Fund	6,200,000		
Add: Reserve for Future Requirements @ 6/30/07		318,400,000	
Add: Debt Service Fund Revenue and Transfer	7,700,000	100,000,000	
Add: Lottery Reserves Transfer		100,000,000	
Less: Supplemental Appropriations		(17,000,000)	
Add: Base reductions	58,500,000		
Less: Base Adjustments	(16,700,000)		
Less: Base adjustment April Sales Tax Holiday	(11,400,000)		
Add: Dedicated Revenue			20,500,000
Total Available Revenues	\$ 658,900,000	513,400,000	20,500,000

Appendix

Reserve for Future Requirements as of 6/30/06

Dept. of Revenue Collections above projections	\$	66,300,000
Other State Revenue Collections above projections		22,400,000
Tobacco Settlement Overcollection		12,500,000
MR Reserve for Receivables - Reversion		30,000,000
TennCare Reversion for Medically Needy		104,000,000
Additional TennCare Reversion		75,500,000
Other Agencies Reversion above Overappropriation		26,200,000
Other and Miscellaneous Revenue Undercollection		(6,900,000)
Total Reserve for Future Requirements as of 6/30/06	\$	330,000,000

Other Available Funds

2006-07 Contingency Appropriation (Transition) -- Delete	\$	300,000
2006-07 TennCare Medically Needy @ \$45.3M Budget, \$6.3M expenditure		39,000,000
2006-07 TVA in lieu of tax payment adjustment		10,500,000
2006-07 Unbudgeted revenue		3,200,000
Total Other Available Funds	\$	53,000,000

Other Adjustments

Less: Tobacco MSA @ \$135.6M in 2006-07	\$	(32,400,000)
Less: Transportation Equity Fund @ \$47M in 2006-07		(15,000,000)
Less: Sales Tax Holidays @ \$15M, August and April in 2006-07		(8,000,000)
Less: Other State Revenue reduction		(9,200,000)
Total Other Adjustments	\$	(64,600,000)

Budget Surplus/(Deficit) Available Reserve @ June 30, 2007	\$	318,400,000
---	-----------	--------------------

Improvements by Functional Group

Funded by State Taxes, Licenses, Fees, and Lottery Proceeds

General Government	\$ 167,879,700
Education	448,395,100
Health and Social Services	135,793,700
Law, Safety, and Correction	68,910,200
Resources and Regulation	27,489,400
Transportations, Business, and Economic Development	65,726,600
Total Recommended Improvements	<u>\$ 914,194,700</u>

General Government Improvements

Secretary of State

Ethics Commission	\$	275,000
-------------------	----	---------

Economic Council on Women		25,000
---------------------------	--	--------

Subtotal Secretary of State	\$	300,000
-----------------------------	----	---------

Comptroller of the Treasury

Property Tax Appraisal and Assessment System	\$	2,500,000
--	----	-----------

Personnel and Payroll		55,000
-----------------------	--	--------

Subtotal Comptroller of the Treasury	\$	2,555,000
--------------------------------------	----	-----------

Claims and Compensation

Administration Legislation - Criminal Injuries Compensation	\$	3,900,000
---	----	-----------

*

Finance and Administration

Health Information Systems	\$	17,351,100
----------------------------	----	------------

Construction Management		720,400
-------------------------	--	---------

State Planning Office		2,600,000
-----------------------	--	-----------

Subtotal Finance and Administration	\$	20,671,500
-------------------------------------	----	------------

Appendix

Personnel

Equal Employment Opportunities and Americans with Disabilities	\$	82,100
--	----	--------

General Services

Equipment Replacement	\$	975,000
-----------------------	----	---------

Photographic Services		57,200
-----------------------	--	--------

Subtotal General Services	\$	1,032,200
---------------------------	----	-----------

Veterans Affairs

Veterans Nursing Homes	\$	200,000
------------------------	----	---------

Technology Enhancements		14,300
-------------------------	--	--------

Subtotal Veterans Affairs	\$	214,300
---------------------------	----	---------

Revenue

Tax Fraud Enforcement	\$	96,100
-----------------------	----	--------

Appendix

Miscellaneous Appropriations

Salary Increase - State and Higher Education Employees - July, 1 2007	\$	25,100,000
Salary Bonus - State and Higher Education Employees		60,600,000
Group Health Insurance - January 1, 2007		13,400,000
Group Health Insurance - January 1, 2008		18,600,000
Retired Teachers Health Insurance		2,500,000
Presidential Preference Primaries		4,000,000
Stax Museum Grant		123,000
American Battles Monument Commission Trust Fund		5,500
Administration Legislation		250,000
Risk Management		1,900,000
Mileage Rate Increase		1,700,000
Meal and Lodging Rates		1,500,000
Postal Rate Increase		1,100,000
Facilities Revolving Fund		8,250,000
Subtotal Miscellaneous Appropriations	\$	139,028,500
Total General Government Improvements	\$	167,879,700

* *Dedicated appropriation*

Education Improvements

Education (K-12)

Basic Education Program (BEP)	\$	83,000,000
BEP At-Risk Students		119,300,000
BEP Student Enrollment - Current Census Basis		27,200,000
Pre-K Program		25,000,000
Administration Legislation - Benchmark Testing		1,200,000
Administration Legislation - Threats of Violence		50,000
Governor's Institute for Science and Math		1,270,000
Teachers' Salary Increase		22,300,000
Salary Bonus		44,600,000
Group Health Insurance - January 1, 2007		7,200,000
Group Health Insurance - January 1, 2008		11,300,000
Testing		3,195,300
Tennessee Early Intervention Services		1,305,000
Governor's Books from Birth Foundation		750,000
Science Alliance Museums		250,000
FFA and 4-H Foundation		1,000,000
Literacy		2,000,000
Teacher Training and Experience		190,900
School for the Blind - Outreach Program		85,500
West Tennessee School for the Deaf		143,400
York Institute Operating Costs		105,000
Subtotal Education (K-12)	\$	351,445,100

Appendix

Higher Education - State Administered Programs

Community College Tuition Waiver	\$	10,000,000
Lottery HOPE Scholars		9,300,000
Access and Diversity Initiative		120,000
Operational Support		1,259,200
Need-based Student Financial Aid		3,800,000
Subtotal Higher Education - State Administered Programs	\$	24,479,200

University of Tennessee

Operational Support		18,354,700
UT Biofuels Center		8,250,000
Access and Diversity Initiative		2,699,400
Subtotal University of Tennessee	\$	29,304,100

State University and Community College System

Operational Support		28,686,100
Land Grant Match - Tennessee State University		2,000,000
Access and Diversity Initiative		5,480,600
Equipment Replacement - Technology Centers		7,000,000
Subtotal State University and Community College System	\$	43,166,700

Subtotal Higher Education	\$	96,950,000
----------------------------------	-----------	-------------------

Total Education Improvements	\$	448,395,100
-------------------------------------	-----------	--------------------

Health and Social Services Improvements

Commission on Children and Youth

Assistant Director	100,000
--------------------	---------

Finance and Administration, Bureau of TennCare

Program Growth	30,090,900
----------------	------------

Federal Match Rate Changes	1,924,700
----------------------------	-----------

Weight Watchers	274,500
-----------------	---------

Mental Retardation Services	20,421,000
-----------------------------	------------

Children's Services	2,549,300
---------------------	-----------

Human Services	1,013,000
----------------	-----------

Subtotal Finance and Administration, Bureau of TennCare	\$ 56,273,400
---	---------------

Mental Health and Developmental Disabilities

New Facility Lease Payment	1,290,800
----------------------------	-----------

Staffing and Operational Support	802,400
----------------------------------	---------

Subtotal Mental Health and Developmental Disabilities	\$ 2,093,200
---	--------------

Appendix

Health

Tobacco-Use Prevention	15,000,000
Pandemic Influenza Preparedness	8,175,800
HIV/AIDS	4,332,700
Meharry Wellness Program	2,000,000
Poison Control Center	275,000
Occupational and Physical Therapy	40,700 *
Subtotal Health	\$ 29,824,200

Finance and Administration, Division of Mental Retardation Services

Community Services	2,272,100
Pharmaceutical Expenditures	2,506,500
Operational Support	594,300
Subtotal Finance and Administration, Division of Mental Retardation Services	\$ 5,372,900

Human Services

Child Support - State Match Requirement	4,170,000
Child Support - Assistant District Attorney's Step Raises	29,600
Standard of Need	3,606,000
Family Assistance Service Center	2,419,700
Families First - Wage Disregard	4,359,000
Individual Development Accounts	100,000
Subtotal Human Services	\$ 14,684,300

* *Dedicated Appropriation*

Appendix

Cover Tennessee Health Care Programs		
CoverKids		14,200,000
Children's Services		
Juvenile Justice		4,563,300
Residential Provider Rate Increase		4,049,700
Foster Care and Adoption Assistance Rates		851,700
Adoption Assistance Caseload Growth		2,622,500
Social Worker Training		500,000
Community Resource Assessments		333,700
Foster Care Mentoring		250,000
Teacher Training and Experience		74,800
Subtotal Children's Services	\$	13,245,700
Total Health and Social Services Improvements	\$	135,793,700

Law, Safety, and Correction Improvements

Court System

Mandated Salary Increase	\$	1,052,800
Courtroom Equipment and Security		2,600,000
Subtotal Court System	\$	3,652,800

Attorney General and Reporter

Statutory Salary Increase	\$	6,100
Technology Initiative		1,879,900
Litigation Resources		560,000
Open-Records Ombudsman		100,000
Subtotal Attorney General and Reporter	\$	2,546,000

District Attorneys General Conference

Statutory Step Raises	\$	902,000
Assistant Victim-Witness Coordinators - Expiring Federal Grant		950,800
Statutory Step Raises		514,700
Subtotal District Attorneys General Conference	\$	2,367,500

Appendix

Office of the Post-Conviction Defender

Statutory Step Raises	\$	13,900
Caseload Management		317,600
Subtotal Office of the Post-Conviction Defender	\$	331,500

Corrections Institute

Jail Inspection and Training	\$	310,000
------------------------------	----	---------

Board of Probation and Parole

Records Management - Imaging System	\$	25,100
-------------------------------------	----	--------

Correction

Administration Legislation - Jessica's Law	\$	7,690,700
Administration Legislation - Incarceration		758,100
Local Jails		6,891,900
Prison Expansion - Brushy Mountain (Morgan County)		9,760,500
Operational Increase		3,913,300
Subtotal Correction	\$	29,014,500

Military

Earthquake Preparedness	\$	602,900
Armories Utilities		300,000
National Guard Tuition Assistance		100,000
Subtotal Military	\$	1,002,900

Appendix

Safety

Administration Legislation - REAL ID Act Reserve	\$	26,500,000
Administration Legislation - Repeal Certificate for Driving		99,800
Statutory Salary Step Increase		750,600
Information Systems		2,309,500
Subtotal Safety	\$	29,659,900
Total Law, Safety, and Correction Improvements	\$	68,910,200

Resources and Regulation Improvements

State Museum			
Museum Development	\$	168,300	
Environment and Conservation			
Heritage Conservation Trust - Land Acquisition	\$	10,100,000	
Land Acquisition Funds		4,874,400	*
Storm Water Permitting		2,322,400	**
State Parks		1,801,500	
West Tennessee Rivers Maintenance		365,000	
Administration Legislation - Oil and Gas Program		500,000	**
Subtotal Environment and Conservation	\$	19,963,300	
Tennessee Wildlife Resources Agency			
Wetlands Acquisition Fund	\$	4,875,600	*

Appendix

Commerce and Insurance			
Statutory Salary Step Increase	\$	7,100	
Administration Legislation - Pre-Need Funeral Contracts		360,000	**
Blasting Program		41,900	
Locksmith Licensing Board		64,200	**
Human Resources		59,900	**
Regulatory Boards - Administrative Support		237,500	**
Legal Services		20,000	**
Driver Skid Track Replacement		40,000	
Subtotal Commerce and Insurance	\$	830,600	
Labor and Workforce Development			
Workers' Compensation	\$	1,580,600	
Information Technology Upgrades		71,000	
Subtotal Labor and Workforce Development	\$	1,651,600	
Total Resources and Regulation Improvements	\$	27,489,400	

Transportation, Business, and Economic Development Improvements

Agriculture

Farm Program	\$	6,000,000	
Organic Farming		500,000	
Soil Conservation - Agricultural Resources Conservation Fund		2,250,000	*
Fire-Fighter Communications		4,092,100	
Subtotal Agriculture	\$	12,842,100	

Tourist Development

Advertising	\$	4,750,000	
Welcome Center Security		1,500,000	
Subtotal Tourist Development	\$	6,250,000	

Economic and Community Development

Next Step Jobs - Jobs Package	\$	42,130,000	
Next Step Jobs - Research Network		3,000,000	
Rural Opportunity Fund		1,250,000	
Next Step Jobs - Infrastructure Needs Inventory		100,000	
Local Planning Services		154,500	
Subtotal Economic and Community Development	\$	46,634,500	

Total Transportation, Business, and Economic Development Improvements	\$	65,726,600	
---	----	------------	--